

Exhibit C

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

- - -
In Re: : Chapter 11
: Case No.
W.R. GRACE & CO., et al, : 01-01139 JKF
: (Jointly
Debtors : Administered)

- - -
Thursday, May 7, 2009

- - -
Oral deposition of GEORGE L.

PRIEST, taken pursuant to notice, was held at the offices of DRINKER BIDDLE & REATH, Two Logan Square, 18th & Cherry Streets, Philadelphia, Pennsylvania 19103, commencing at 10:18 a.m., on the above date, before Lori A. Zabielski, a Registered Professional Reporter and Notary Public in and for the Commonwealth of Pennsylvania.

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<p>1 it incorporates principles of insurance 2 neutrality, various features of the Plan 3 severely affect the rights of Grace's 4 insurers and the economic function of 5 their insurance policies."</p> <p>6 Did I read that correctly?</p> <p>7 A. Yes, you did.</p> <p>8 Q. Is it fair to read that as a 9 sort of lead-in, a conclusory lead-in to 10 the specific statements that you make 11 later in the report as opposed to being 12 some sort of stand-alone statement?</p> <p>13 A. Yes. It's meant to be a 14 lead-in or a summary description of what 15 is going to follow.</p> <p>16 Q. When you use the phrase 17 "insurance neutrality" in that sentence, 18 how are you using that term? What does 19 it mean?</p> <p>20 A. Well, I was using the term 21 to refer to, I think it's, Section or is 22 it Title 7 of the First Amended Plan. 23 But as a economic concept, insurance 24 neutrality means the various features of</p>	<p>1 Q. Or does it have some sort of 2 technically understood definition that 3 one could turn to and cite economic 4 literature in which the definition 5 appears?</p> <p>6 A. I don't think it's defined. 7 It's not a term used commonly in 8 economics or it's not a term of art in 9 economics. It's not defined 10 specifically. Nevertheless, I think any 11 economist would understand that it meant 12 no effect, one way or the other, on the 13 underlying insurance. But it's not an 14 economic term in that sense.</p> <p>15 Q. You made some reference to 16 the usage of the term in the Plan and 17 just to focus a little bit on that.</p> <p>18 Directing your attention to 19 paragraphs 52 and 53 and 54 of your 20 expert report, is that the portion of 21 your report where the term "insurance 22 neutrality," as you referred to it in 23 paragraph 18, is addressed?</p> <p>24 A. Yes.</p>
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<p>1 the Plan will have no effect, one way or 2 another, on underlying insurance.</p> <p>3 Q. Is insurance neutrality a 4 term used in the economic profession?</p> <p>5 A. I don't think it would be 6 unknown in the economic profession. I 7 wouldn't say it's a concept that's used 8 frequently.</p> <p>9 Usually, in economics, we 10 talk directly about effects on rather 11 than to summarize it through the word 12 "neutrality." But I think any economist 13 would understand what is meant here.</p> <p>14 Q. But it's not a technical 15 economic term; it's a term that is sort 16 of a nonspecifically defined term in 17 economic literature that you believe 18 economists would understand what it means 19 as a matter of sort of common usage? Or 20 is it --</p> <p>21 MR. BROWN: Object to form.</p> <p>22 MR. LOCKWOOD: Let me 23 finish.</p> <p>24 BY MR. LOCKWOOD:</p>	<p>1 Q. Again, in an effort not to 2 spend time unnecessarily in preliminary 3 matters, with respect to paragraph 19, is 4 it, again, fair that the statements made 5 in paragraph 19 are, in essence, summary 6 and conclusory statements about matters 7 that are discussed in more detail and the 8 bases for which are presented in more 9 detail later in the report?</p> <p>10 A. Yes, exactly. You will see 11 paragraphs 18 and 19 under the section 12 entitled Initial Statements of Opinion. 13 So, yes, it's meant to be an introduction 14 to the remainder of the report.</p> <p>15 Q. You make statements under 16 the heading Economic Structure of 17 Liability Insurance in paragraphs 20 and 18 21 and 22 of your report about the 19 economic structure, as you see it, of 20 liability insurance.</p> <p>21 Is it fair to say that these 22 statements are at a very high level of 23 generality as opposed to, for example, 24 addressing W.R. Grace's relationship with</p>

<p style="text-align: right;">Page 34</p> <p>1 its insurers specifically. 2 A. Yes, I think that's fair. 3 Q. Have you done any 4 investigation or review of the insurance, 5 for want of a better word, what I will 6 call insurance position or status of W.R. 7 Grace under its CGL policies as of the 8 time it filed for bankruptcy? 9 MR. BROWN: Object to the 10 form. 11 THE WITNESS: I am not sure 12 what you mean by insurance 13 position or status. 14 BY MR. LOCKWOOD: 15 Q. Well, okay. Let me be more 16 specific. 17 Do you have any knowledge as 18 to how Grace and its insurers were 19 handling claims against Grace in the tort 20 system in terms of insurance coverage and 21 insurer involved in that process as of 22 the date that Grace entered bankruptcy? 23 MR. BROWN: Object to the 24 form.</p>	<p style="text-align: right;">Page 36</p> <p>1 anything about that; is that correct? 2 A. No, I don't have specific 3 knowledge of that at all. 4 Q. In paragraph 22 of your 5 report, you state, quote, In the context 6 of a liability claim, and according to 7 our system of tort law, there is an 8 adversarial relationship between insurers 9 and the policyholder on one side, and the 10 claimants on the other. 11 What do you mean by that? 12 A. Just for the record, you 13 added one word to it. 14 Q. I am sorry. 15 A. It's not important. 16 What I am is that where a 17 claim of liability is filed against a 18 policyholder who has insurance which may 19 cover that, provide coverage for that 20 claim, the structure of the insurance 21 policy provides that the insurer and the 22 policyholder will look together on one 23 side in response to the claimant on the 24 other side.</p>
<p style="text-align: right;">Page 35</p> <p>1 THE WITNESS: I have no 2 personal knowledge of that at all. 3 I believe the attorneys, one or 4 more of the attorneys for whom 5 have retained me, indicated that 6 some insurers have made agreements 7 with Grace for Grace to conduct 8 its own defense. But that's all. 9 I don't know anything about beyond 10 simply that statement, and I am 11 not sure that statement -- I have 12 no way of verifying or 13 contradicting that statement 14 itself. But that's all I know 15 about it. 16 BY MR. LOCKWOOD: 17 Q. So, for example, if Grace 18 was paying out of its own pocket and not 19 through insurance more than 50 percent of 20 the judgment and settlement and defense 21 costs that it was incurring as of the 22 date of bankruptcy because of exhaustion 23 of coverage, gaps in coverage, 24 insolvencies of insurers, you don't know</p>	<p style="text-align: right;">Page 37</p> <p>1 Q. But there are instances in 2 which on the basis of particular facts, 3 that dichotomy of insurer/insured on the 4 one side and the claimant on the other 5 side does not necessarily hold true, even 6 from an economic perspective, aren't 7 there? 8 MR. BROWN: Object to the 9 form. 10 THE WITNESS: I can't think 11 of them to be honest with you. I 12 am not sure that there are. 13 BY MR. LOCKWOOD: 14 Q. Well, let's assume that a 15 claim is made under a policy and the 16 insurer believes that it's covered by the 17 policy and the insured believes that it's 18 not. Are the insurer and insured linked 19 economically with respect to how that 20 claim should be handled? 21 A. Well, they are once the 22 coverage decision is made. Certainly, as 23 between an insurer and a policyholder, 24 there can be differences. But once the</p>

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<p>1 THE WITNESS: That's fine. 2 That wouldn't affect my answer. 3 BY MR. LOCKWOOD: 4 Q. Similarly, with respect to 5 paragraph 30 -- strike that. 6 You address a requirement of 7 insurer consent to assignment of policy 8 rights in paragraph 30 of your report, 9 correct? 10 A. I do. 11 Q. You are aware that the 12 extent of which that right which on its 13 face in the policy is asserted to be 14 absolute is, in fact, the subject of 15 varying state law decisions in 16 jurisdictions over the circumstances 17 under which assignments can be made by 18 insureds without the consent of insurers, 19 are you? 20 A. Yes, I am aware of that. 21 Q. So as to this paragraph, you 22 are simply -- let me ask it this way: 23 First, this paragraph is not intended by 24 you to contain legal opinions about the</p>	<p>1 Requiring insurer consent to assignment 2 ensures that the risks undertaken by the 3 insurer under the policy not be increased 4 by a policyholder's action without the 5 insurer's consent. 6 Have I read that correctly? 7 A. Yes, you have. 8 Q. What risks undertaken by the 9 insurer under the policy are you 10 referring to? 11 A. The risks of paying out 12 liability payments, the risk of paying 13 indemnity. 14 Q. So it's the risk to the 15 insurer as opposed to the risk to the 16 insured that you are discussing here? 17 A. Exactly. It says that, the 18 risks undertaken by the insurer, in the 19 sentence you read. 20 Q. Well, is it not true that 21 one of the purposes of CGL liability 22 policies is that the insured, in exchange 23 for the payment of a premium, is getting 24 the insurer to agree to, in effect,</p>
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<p>1 extent to which these provisions in CGL 2 policies are or are not enforceable as a 3 matter of state law; is that correct? 4 A. Absolutely. 5 Q. And, indeed, this 6 discussion, as you have indicated 7 earlier, has to do with your views as to 8 the economic impact of the provision and 9 the perceived need for it to be 10 enforceable; is that correct? 11 A. I view the question of 12 enforceability as a legal question. What 13 I am trying to explain here is the 14 economic basis for the assignment of 15 responsibilities in the way that the 16 policy assigns them. 17 So it's economic analysis, 18 but I don't reach the question of what's 19 enforceable and what isn't enforceable. 20 That's a legal opinion. That would be 21 calling for a legal opinion. 22 Q. Well, you have a sentence in 23 here, the second sentence in paragraph 30 24 that talks about or states, quote,</p>	<p>1 assume the risks of the insured with 2 respect to whatever activities are 3 covered by that policy? 4 A. Yes. 5 Q. So, essentially, we have got 6 two kinds of risks: We have got the risk 7 to the insured that the insurer 8 undertakes to cover; and we have got the 9 risk to the insurer that the agreement to 10 cover the first set of risks will cause 11 the insurer to have to pay money. 12 Is that a fair breakdown of 13 the risks? 14 A. No, I don't think it's fair. 15 The first part -- I would 16 say the first part of your sentence was 17 fair. The risk, as I have it -- this is 18 not exact, but the risk to the policy 19 that had insurer has undertaken to cover. 20 That's the risk I am talking about. 21 So it's a risk to the 22 policy, although, which if it's covered, 23 becomes a risk to the insurer. It's the 24 same risk. It's not a different risk. I</p>

<p>1 off the record at this time.) 2 - - - 3 (There was a luncheon recess 4 from 1:28 p.m. to 2:06 p.m.) 5 - - - 6 AFTERNOON SESSION 7 - - - 8 BY MR. LOCKWOOD: 9 Q. We talked briefly about 10 paragraph 43 before the break, Professor 11 Priest, and I am going to ask you some 12 questions about the next succeeding 13 paragraphs where you talk about various 14 provisions in the Plan, and specifically 15 let's use paragraph 44 as a starting 16 point. 17 You are discussing there the 18 TDP and its payment matrix and the fact 19 that it hasn't been consented to by the 20 insurers. And you, in substance, say 21 that's a, quote, direct violation of the 22 economic allocation of rights in the 23 policies and violate the economic 24 principle of comparative advantage, close</p>	<p>Page 142</p> <p>1 with the resolution of these 2 claims. 3 If Grace has worked out a 4 better deal than could be done, 5 than they had been achieving in 6 other contexts, maybe the insurers 7 would agree to the matrix and to 8 the settlement of the claims on 9 that basis. But, again, for good 10 economic reasons, that's their 11 right. 12 BY MR. LOCKWOOD: 13 Q. So from your perspective, 14 what you are saying is that, 15 economically, the actual outcome of 16 claims resolution under the TDP is 17 irrelevant; what matters is that the TDP 18 by its terms was not presented to and 19 agreed to by the insurers, end of 20 discussion? 21 A. Not that it's irrelevant. 22 According to the economic analysis, the 23 TDP and the matrix is likely to be 24 different if the insurers were involved</p>
<p>Page 143</p> <p>1 quote. 2 First, I think you testified 3 earlier that you have no basis for 4 comparing the provisions in the matrix 5 with the criteria and values utilized by 6 Grace and its insurers for settling 7 claims prior to its bankruptcy petition? 8 MR. BROWN: Object to form. 9 BY MR. LOCKWOOD: 10 Q. Is that correct? 11 A. I said I had no factual 12 basis for making that comparison, yes. 13 Q. So, as far as you know, the 14 TDP matrix could actually be more strict 15 or stringent than the criteria that Grace 16 and its insurers were using prior to the 17 bankruptcy? 18 MR. BROWN: Object to form. 19 THE WITNESS: That question 20 misses the nature of my economic 21 analysis. The economic analysis 22 is that the allocation of economic 23 rights in the policies give the 24 right to the insurer to associate</p>	<p>Page 145</p> <p>1 than if the insurers are not involved. 2 That's what the burden of the report is. 3 So it's not that the outcome of is 4 irrelevant. It's likely to be different 5 for the good economic reasons I present 6 in the report. 7 Now, we don't know because 8 the insurers weren't given an opportunity 9 to become involved. But you can ask a 10 counterfactual question. If Grace is 11 getting such a great deal with this 12 matrix and with the TDPs, why did it not 13 involve the insurers and get their 14 consent, and all of this would have gone 15 away. 16 Q. Is part of economic analysis 17 consideration of opportunistic behavior? 18 A. Yes. 19 Q. And so have you made any 20 analysis of whether or not it would be in 21 the economic advantage of insurers to 22 attempt to adopt an unreasonable position 23 toward consenting to either a settlement 24 or claims handling procedures or an</p>

<p style="text-align: right;">Page 162</p> <p>1 Q. Well, to the extent that 2 it's not hortatory, does it express 3 anything more than your personal opinion 4 that settling disputes is better than 5 litigating them?</p> <p>6 A. It depends upon the terms. 7 I don't have a personal opinion about the 8 preference of settlement over litigation.</p> <p>9 Q. Well --</p> <p>10 A. Settlement often is more 11 efficient than litigation. I am all for 12 that. Other times, litigation is the 13 appropriate way to resolve cases.</p> <p>14 Q. Well --</p> <p>15 A. I have just studied the 16 process of settlement and litigation.</p> <p>17 Q. Doesn't this sentence say 18 that the more realistic resolution of 19 these issues is to have Grace and the 20 insurers and the other Plan proponents 21 reach some kind of a settlement?</p> <p>22 A. Yes. That's the more 23 realistic resolution from an economic 24 standpoint.</p>	<p style="text-align: right;">Page 164</p> <p>1 what that means.</p> <p>2 MR. LOCKWOOD: Okay. We 3 will do it the long way.</p> <p>4 THE WITNESS: Could I just 5 respond to the question one way? 6 I don't think I refer in paragraph 7 46 to contractual breach, which I 8 regard as a legal opinion.</p> <p>9 BY MR. LOCKWOOD:</p> <p>10 Q. Well, let me put it to you 11 this way: You say in paragraph 46 that 12 the Plan overturns economic relationships 13 in Grace's insurance policies, and then 14 you go on.</p> <p>15 When you say the Plan 16 overturns the economic relationships, and 17 putting aside whether that's a legal 18 opinion, but from an economic point of 19 view, even if the insurance neutrality 20 provisions preserve the insurers' rights 21 to argue that they don't have to pay on 22 any of their policies as a result of 23 Section 8.1 of the TDP, you would still 24 be of the view that the Plan was not</p>
<p style="text-align: right;">Page 163</p> <p>1 Q. But, as you sit here today, 2 you have no personal knowledge or ability 3 to describe what that settlement would be 4 or the likelihood that the parties could 5 agree to it; is that correct?</p> <p>6 A. From a factual standpoint, 7 that's correct. But, again, it's 8 something I view, for good economic 9 reasons, commanded by the insurance 10 policies and something that should have 11 been attempted or perhaps should be 12 attempted in the future.</p> <p>13 Q. Is it fair to say that if I 14 asked you similar questions about 15 paragraph 46 of the TDP relating to 16 whether or not the insurance neutrality 17 provisions of the Plan apply to the 18 contractual breach assertions that you 19 make in paragraph 46, that your answers 20 would be the same as we just went through 21 with respect to paragraph 44?</p> <p>22 MR. BROWN: Object to the 23 question on the basis of the term 24 "similar questions." I don't know</p>	<p style="text-align: right;">Page 165</p> <p>1 insurance neutral from an economic 2 perspective; is that correct?</p> <p>3 A. I see the point of your 4 question.</p> <p>5 First of all, you began the 6 question with putting aside the legal 7 opinion. Well, I don't want to put aside 8 the legal opinion. I don't want to 9 render a legal opinion. Far from putting 10 it aside, I want to eliminate it from the 11 discussion.</p> <p>12 When I use the term 13 "overturn the economic relationships," I 14 mean that in an economic sense, not in a 15 legal sense. A court can decide whether 16 overturning the economic relationships 17 has legal significance.</p> <p>18 But with regard to the 19 remainder of your question about 20 insurance neutrality and the provision 21 that insurers can have a total coverage 22 defense for the overturning of these 23 relationships, my answer would be the 24 same as we had before.</p>

1 MR. LOCKWOOD: I am asking
2 him for whatever opinion in
3 whatever form he feels prepared to
4 express it since I have grave
5 trouble distinguishing between his
6 economic opinions and his legal
7 opinions.

8 THE WITNESS: I can't answer
9 that. First, I am not going to
10 answer it as a legal opinion. I
11 can distinguish between my
12 economic opinions and my legal
13 opinions, and I have been
14 throughout my report and
15 throughout the testimony today.

16 But I certainly wouldn't
17 answer that as a legal opinion. I
18 will tell you the truth. I don't
19 know whether that coverage defense
20 would be preserved or not. I
21 think it would depend to some
22 extent on the nature of the
23 confirmation hearing and the
24 testimony with regard to

1 confirmation. I honestly don't
2 know -- I don't think there is an
3 answer to that question.

4 BY MR. LOCKWOOD:

5 Q. But, in any event, you are
6 prepared to let Judge Fitzgerald decide
7 that; you are not here to tell her how to
8 decide it?

9 A. I am certainly not.

10 Q. In paragraph 50, the last
11 sentence -- strike that. Let me back up
12 one paragraph.

13 You say, "Grace's insurers
14 also cannot rely on an ex-post evaluation
15 by a court as to the 'reasonableness' of
16 settlements that the Trust might enter.
17 As discussed, the exclusion of insurers
18 from the process of claims settlement
19 will invariably affect settlement
20 results."

With respect to the second sentence, the "will invariably affect settlement results," you are not in the position through your examination of

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1 Grace's pre-petition settlement history
2 and the matrix provisions of the TDP to
3 say whether the exclusion of insurers
4 from the latter will result in more or
5 less money being paid by insurers, are
6 you?

7 A. As a factual matter, no. As
8 an economic, analytical matter, yes.

9 Q. And as an economic and
10 analytical answer you just gave as yes is
11 because you believe that, in principle,
12 the participation of insurers and the
13 economic insurers that incentives have in
14 dealing with claims by definition will
15 always result in some form of different
16 outcome than what would have occurred if
17 the insurers had not participated; is
18 that right?

19 A. Well, just to clarify the
20 question, I think you meant the economic
21 insurer -- economic incentives that
22 insurers have.

23 Q. I thought that's what I
24 said, but if I didn't, yes, that's what I

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1 meant.

2 A. You said insurer incentives
3 that economic -- I think you meant it the
4 other way.

5 Q. What I meant was because of
6 the -- let me rephrase it.

7 You can't tell whether the
8 results would be greater or less because
9 you haven't done a factual analysis; your
10 economic opinion is that the results
11 would be effective because you believe
12 that participation by insurers with the
13 economic incentives that insurers have
14 that you have testified about will
15 invariably produce a different result
16 from a settlement from which those
17 insurers are excluded?

18 A. Correct

19 Q. Is it also your testimony
20 that from an economic perspective that
21 different result will always be less
22 favorable to insurers?

23 A. I would say generally less
24 favorable to insurers. I don't know

<p>1 always in an empirical sense but 2 generally less favorable to insurers. 3 See, here is our difference. 4 I am starting to see this now what's 5 going on here. We know there are some 6 set of insurers that are objecting to the 7 matrix and to the settlement and to the 8 Plan. 9 Now, if this were so much 10 better a deal than they could have gotten 11 if Grace had not sought bankruptcy and 12 continued to litigate, my question would 13 be why are they objecting to this? Now 14 your answer appears to be, well, they are 15 engaged in opportunistic behavior, and 16 they are trying to exploit the 17 circumstance of the insolvency to get a 18 yet even better deal. That's our 19 difference. 20 So I am not -- I don't see 21 the evidence of opportunistic behavior, 22 and so barring the presentation of that 23 evidence, I think my economic analysis 24 that it would be less favorable to the</p>	<p>Page 178</p> <p>1 deserving of payment. 2 Now, you are aware from 3 reading the Plan, I take it, and the 4 Disclosure Statement that the Trust is 5 going to have a limited amount of assets 6 to begin with, correct? 7 A. Yes. 8 Q. And you are also aware that 9 it is contemplated that those assets will 10 have to be divided between people who 11 presently have claims against Grace and 12 people who will have claims in the 13 future, correct? 14 A. Correct. 15 Q. And you are aware that the 16 amount, number, and value of the future 17 claims cannot be determined as of now, 18 correct? 19 A. Correct. I expect it. I am 20 sure it's true. 21 Q. And you are aware that the 22 Trust does not propose to pay one hundred 23 cents on the dollar to claims presented 24 to it by present claimants, correct?</p>
<p>Page 179</p> <p>1 insurers than if the insurers were 2 involved continues to hold. 3 Q. But your inability to see 4 evidence is, in large part, the result of 5 your failure to have examined any 6 evidence, one way or the other; you are 7 just making economic assumptions about 8 the generalities of insurer conduct and 9 the generalities of insured's conduct and 10 the economic incentives you associate 11 with those generalities? Isn't that 12 true? 13 A. Yes, I am presenting -- I 14 was asked to present a general economic 15 analysis of the situation, yes. 16 Q. Turning to paragraph 50, the 17 last sentence of this and the last clause 18 in the last sentence of paragraph 50 19 states that the assignment of Grace's 20 policy rights to the Trust, quote, puts 21 control of the settlement process in the 22 hands of the Trust whose fiduciaries have 23 every incentive to pay all asbestos 24 claims, regardless of whether they are</p>	<p>Page 181</p> <p>1 MR. BROWN: Could you just 2 read that back? 3 (The reporter read from the 4 record as requested.) 5 MR. BROWN: Object to the 6 form. 7 THE WITNESS: Yes, I am 8 aware of that. 9 BY MR. LOCKWOOD: 10 Q. And you have stated 11 elsewhere that the trustees of the Trust 12 are fiduciaries, correct? 13 A. Yes, especially members of 14 the Trust Advisory Committee. 15 Q. But you have acknowledged as 16 to the latter that they do not have any 17 role in the resolution of individual 18 claims, correct? 19 A. Except as it comes -- as I 20 understand it, except with regard to an 21 amendment of the TDPs. 22 Q. Dealing with the TDPs as 23 they presently exist, is it not true that 24 the trustees have an obligation to</p>

<p style="text-align: right;">Page 210</p> <p>1 other subsections of the same section? 2 Do you think those are inconsistent? 3 A. It could be drafted in a way 4 that they are consistent. But what does 5 this mean, notwithstanding the provisions 6 of this Section 7.15? (G) is one of the 7 provisions of 7.15. 8 Q. So you think it's a 9 plausible, reading that, that lead-in 10 essentially vitiates the subsection that 11 it's contained in? 12 A. I hope it's not. I hope 13 it's not interpreted that way. But I 14 think it's confusing. It would have been 15 clearer to say notwithstanding provisions 16 of 7.15(a) through whatever that aren't 17 affected by 7.15(g). But it wasn't done 18 that way. 19 So you have got 20 notwithstanding the provisions of Section 21 7.15, including 7.15(g), here is what 22 7.15(g) does. That seems, to me, to be, 23 with all respect, a style that could be 24 improved.</p>	<p style="text-align: right;">Page 212</p> <p>1 of the insurance -- of attorneys fees 2 with an exception -- it's not an 3 exception. There is another provision 4 that says something about especially no 5 coverage of the policyholders staff 6 attorneys fees where a policyholders have 7 argued the exception to the exception 8 means it's covered. 9 This is -- again, this is 10 the least of our worries, the style 11 problems. I think ambiguity is a real 12 problem in 7.15, but I think the 13 substitution of the coverage defense for 14 the other ways of resolving rights and 15 responsibilities under the policy are 16 what's most at stake here. 17 Q. Okay. I think I have one 18 more question related to paragraph 56, 19 which is your conclusion. 20 You basically refer in the 21 end of that paragraph to, quote, the 22 severe economic prejudice of its 23 insurers, close quote. 24 Just for the record, you</p>
<p style="text-align: right;">Page 211</p> <p>1 Q. Putting aside whether it 2 could be improved, which I don't want to 3 debate with you, do you really think 4 anybody could read that lead-in as 5 saying, notwithstanding the provisions of 6 this section, 7.15(g), which is the 7 section in which the language is 8 appearing, this language applies; so it's 9 simultaneously creates the language, and 10 then tells you that you get to ignore it? 11 You are not really, as an economic 12 expert, telling me that that you think is 13 a fair reading of that section, are you? 14 A. It would not be the reading 15 I would insist upon, but there are many 16 contexts in insurance coverage disputes 17 where exceptions in policies are 18 basically ignored because they are 19 exceptions to say an exclusion or they 20 are provisions of exclusions that from 21 which there is some slight exception. 22 Do you know litigation over 23 the attorneys fees in an exclusion cases 24 where there is an exclusion of coverage</p>	<p style="text-align: right;">Page 213</p> <p>1 haven't made any attempt to quantify what 2 you mean by the severe economic prejudice 3 of its insurers? 4 A. Correct. This is analytical 5 statement. 6 MR. LOCKWOOD: I have no 7 further questions. 8 - - - 9 EXAMINATION 10 - - - 11 BY MS. ESAYIAN: 12 Q. My name is Lisa Esayian, and 13 I represent W.R. Grace in these 14 proceedings. Just a couple of questions. 15 Very earlier today in 16 describing work that you had done for 17 insurance companies, I believe one of the 18 things you mentioned was work-related to 19 estimating risks related to the expansion 20 of tort liabilities. 21 I was wondering if you could 22 expound upon that a little bit in terms 23 of the work that you did. 24 A. Yes. As I indicated in my</p>